

LYNCHBURG CITY COUNCIL

Agenda Item Summary

MEETING DATE: **February 22, 2005**

AGENDA ITEM NO.: 11

CONSENT:

REGULAR: **X**

CLOSED SESSION:

(Confidential)

ACTION: **X**

INFORMATION:

ITEM TITLE: **Tax Relief for the Elderly and Permanently Disabled**

RECOMMENDATION: Consider amending Section 36-175(3) c of the City Code to revise the gross income limitation for eligibility to receive real estate tax relief from \$27,000 to \$30,000.

SUMMARY: At the January 25, 2005 Council Work Session, City Council requested additional information regarding the request to increase the gross income limit for eligibility from \$27,000 to \$30,000. Attached is the schedule of tax exemptions (matrix) for FY 2005 that allocated the current year budgetary funding for this program. Explanatory notes regarding the matrix are also attached. In addition, the Commissioner of the Revenue has developed three additional exhibits comparing tax relief programs with other localities

PRIOR ACTION(S): February 22, 2005 Council Work Session and January 25, 2005, Council Work Session

FISCAL IMPACT: To be determined. Under the City's program, City Council determines an amount to allocate to tax relief and this amount is distributed among the eligible participants. This distribution provides relief to the applicants with the lowest income and net worth receiving the highest relief to those having higher income and net worth receiving a lower amount. For FY 2005 relief ranged from 100% to 76%. In the current year, \$516,272 is budgeted for this purpose.

CONTACT(S): Mitch Nuckles, Commissioner of the Revenue
Michael W. Hill, Director of Financial Services

ATTACHMENT(S): Ordinance

REVIEWED BY: lkp

ORDINANCE

AN ORDINANCE TO AMEND AND REENACT SECTION 36-175. EXEMPTION OF REAL ESTATE TAXES ON PROPERTY OF CERTAIN ELDERLY OR PERMANENTLY AND TOTALLY DISABLED PERSONS, OF THE CODE OF THE CITY OF LYNCHBURG, 1981. THE AMENDED SECTION RELATING TO REAL ESTATE TAX RELIEF FOR THE ELDERLY AND DISABLED PERSONS.

BE IT ORDAINED BY THE COUNCIL OF THE CITY OF LYNCHBURG:

1. That Section 36-175 of the Code of the City of Lynchburg, 1981, be and the same is hereby amended and reenacted as follows:

Sec. 36-175. Exemption of real estate taxes on property of certain elderly or permanently and totally disabled persons.

(a) Exemption of taxation of real estate and mobile homes as defined herein below is hereby provided for qualified property owners who are not less than sixty-five (65) years of age or who are permanently and totally disabled and who are eligible therefore, pursuant to the provisions of 58.1-3210 of the Code of Virginia (1950), as amended.

(b) The exemption shall be administered by the city manager or his authorized delegates. Applications for real estate tax relief for the elderly or the permanently and totally disabled shall be filed with the commissioner of the revenue. Immediately upon approval of the application, it shall be forwarded to the department of finance for processing. The city manager is hereby authorized and empowered to prescribe, adopt and enforce rules and regulations, including the requirement of answers under oath, as would be reasonably necessary to determine qualifications for exemption.

(c) Exemptions shall be granted to persons subject to the following provisions:

(1) Effective July 1, 2002, the person claiming the exemption must on June thirtieth immediately preceding the taxable year, have held title to the property for which the exemption is claimed.

(2) The head of the household occupying the dwelling and owning title, or partial title thereto, is sixty-five (65) years or older or permanently and totally disabled on June thirtieth of the year immediately preceding the taxable year. Such dwelling must be occupied as the sole dwelling of the person or persons claiming exemptions.

(3) The gross combined income of the owner during the year immediately preceding the taxable year, from all sources, shall be determined by the commissioner of the revenue to be an amount not to exceed thirty ~~twenty-seven~~ thousand dollars (\$30,000.00 ~~27,000.00~~). Gross combined income shall include all income from all sources of the owner, spouse and of the owner's relatives living in the dwelling for which exemption is claimed except that the first four thousand dollars (\$4,000.00) of income of each relative, other than the spouse, of the owner, or owners, who is living in the dwelling, shall not be included in such total.

(4) The net combined financial worth of the owner as of June thirtieth of the year immediately preceding the taxable year shall be determined by the commissioner of the revenue to be an amount not to exceed sixty thousand dollars (\$60,000.00). Net combined financial worth shall include the value of all assets, including equitable interest, of the owner and spouse of any owner, excluding the fair market value of the dwelling and the land, not exceeding one (1) acre upon which it is situated and for which exemption is claimed, and excluding household furnishings, including furniture, household appliances and other items typically used in a home. The fair market value shall be determined by the city assessor.

(5) For the purposes of this section, the term "permanently and totally disabled" shall mean unable to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment or deformity which can be expected to result in death or can be expected to last for the duration of such person's life.

(6) Applicants who are both sixty-five (65) years or older and permanently and totally disabled shall be entitled to only one (1) exemption.

(7) For the purposes of this section, a mobile home means an industrialized building unit constructed on a chassis for towing to the point of use and designed to be used without a permanent foundation for continuous year-round occupancy as a dwelling; or two (2) or more such units separately towable, but designed to be joined together at the point of use to form a single dwelling, and which is designed for removal to and installation or erection on other sites.

(d) Annually, and not later than August first of the taxable year, the person or persons claiming such an exemption must file a real estate affidavit with the commissioner of the revenue; provided, however, that in the case of filing hardship, as defined by the director of finance, or first-time applicants, such applications may be filed by November fifteen of such year. Such applicants will qualify for benefits insofar as funds are then available for the tax relief program within the budget appropriation for this purpose. Such affidavit shall set forth, in a manner prescribed by the city manager, the location, assessed value of the property, and the names of the related persons occupying the dwelling for which exemption is claimed, their gross combined incomes and net financial worth. If such person is under sixty-five (65) years of age such form shall have attached thereto a certification by the Social Security Administration, the Veterans Administration, or the Railroad Retirement Board, or if such person is not eligible for certification by any of these agencies, a sworn affidavit by two (2) medical doctors licensed to practice medicine in the commonwealth to the effect that such person is permanently and totally disabled, as defined in subsection (c) (5). The affidavit of at least one of such doctors shall be based on a physical examination of such person by such doctor. The affidavit of one of such doctors may be based upon medical information contained in the records of the Civil Service Commission which is relevant to the standards for determining permanent and total disability as defined in subsection (c)(5).

If, after an audit and investigation, the commissioner of the revenue determines that the person or persons are qualified for exemption, he shall so certify the same, and immediately forward the application form to the department of finance. The director of finance shall determine the percentage of exemption allowable, which exemption shall be deducted from the applicant's real estate tax liability. Such exemption shall be applicable only to the tax year following application therefore. Any real estate tax liability

reduced by virtue of an exemption pursuant to this section shall be paid as and when due as provided by Section 36-171 of this code. If any installment of taxes due on such property shall not be paid as and when due pursuant to said Section 36-171, said installment shall at once become due and collectible with ten (10) per cent penalty computed upon the amount of adjusted taxes so due and payable. Such exemption shall remain effective for all purposes other than the amount of penalty so imposed. Interest shall be collected, as provided by Section 36-171 of this code, on taxes not paid as and when due.

(e) Amount of exemption. The director of finance shall determine the tax exemption in accordance with a schedule to be approved by the city council.

(f) Changes in respect to income, financial worth, ownership of property or other factors occurring during the taxable year for which the affidavit mentioned in paragraph (d) of this section is filed and having the effect of exceeding or violating the limitations and/or conditions provided shall nullify any relief of the tax liability for the current taxable year and the tax year immediately following.

(g) Any person or persons falsely claiming an exemption shall be guilty of a misdemeanor and upon conviction thereof may be punished as provided in Section 36-1

2. That this ordinance shall become effective July 1, 2005.

Adopted:

Certified:

Clerk of Council

034L